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**Dover Industries Limited**

ANNUAL REPORT 1970





## **Dover Industries Limited**

*Executive Offices: 145 MacNab St. North, Hamilton, Ontario*

OPERATING  
ROBINSON CONE COMPANY  
*Hamilton, Ontario*

SUBSIDIARY COMPANIES  
CHERRY TAYLOR FLOUR MILLS LIMITED  
*Preston and Chatham Divisions*

HOWELL LITHO AND CARTONS LIMITED  
*Burlington, Ontario*

TAYLOR GRAIN LIMITED  
*Chatham, Ontario*

DOVER MILLS LIMITED  
*Halifax, Nova Scotia*

## **DIRECTORS**

Mrs. M. Campbell  
H. J. Carmichael  
J. M. Godfrey, Q.C.  
D. M. Hunter  
E. C. Labarge  
J. R. McPhee  
W. H. Pinchin  
D. Smith  
K. C. Hall  
J. M. Vallance  
D. H. Ward  
D. H. Wigle

## **OFFICERS OF THE COMPANY**

Mrs. M. Campbell: *President*  
D. H. Wigle: *Vice-President*  
D. M. Hunter: *Vice-President*  
E. C. Labarge: *Vice-President*  
J. R. McPhee: *Secretary-Treasurer*

TRANSFER AGENT AND REGISTRAR  
CANADA PERMANENT TRUST COMPANY  
*Toronto, Ontario*



## REPORT TO SHAREHOLDERS

Your Directors herewith present the 30th Annual Report, the consolidated statements and a Five Year Financial Summary of Dover Industries for the year ended December 31, 1970.

### SALES

Sales were up 9% for the year.

### EARNINGS

The consolidated net profit for the year was \$172,764 compared to \$257,343 in 1969. Earnings were 78¢ per common share after provision for Preferred Shares and taxes.

### DIVIDENDS

Dividends at the rate of 6% per annum amounting to \$61,576 were paid on Preferred shares and \$114,256 or 80¢ per share were paid on the Common shares.

### WORKING CAPITAL

The working capital decreased to \$838,692 from \$1,295,430 in 1969. This was due, almost entirely, to the 81,600 square foot addition at Howell Litho & Cartons plant in Burlington.

### INVENTORIES

Inventories were up slightly to \$3,954,296 from \$3,841,903 the previous year.

### CAPITAL EXPENDITURES

Capital expenditures for the year amounted to \$700,369. The main portion of this was for the addition



at Howell. Additional grain storage was completed at the Preston Mill and the addition to the Robinson Cone Plant was finished.

#### OPERATIONS REVIEW

The Dover Operating Company, Robinson Cone, had an 11% increase in sales. The new line of paper packaging added to the higher sales, and increased production of ice cream cones, drinking straws and pails kept profits at a high level in this Division.

Howell Litho & Cartons operations are finally consolidated under one roof. The move into the new addition of the Set Up Division and the Litho Division was done with minimum possible disruption but was never the less costly in as much as moving expense and interest took up all the operating profit. Sales were maintained at the 1969 level during this period.

#### TAYLOR GRAIN LIMITED

The profit was the highest since this Company became a separate entity and the volume of grain handled was the largest on record. Excellent crops last year contributed to the improved results. A new dryer was installed at our Louisville elevator which allows for increased intake during the autumn harvest. The marketing of cash grains in South Western Ontario is changing and we are endeavouring to keep abreast of these changes.

#### FLOUR MILLS

The flour mills had a difficult year due to steadily increasing grain and operating costs without an increase in flour prices. Even with these difficulties, overall sales were up for the year; however profits were reduced owing to the highly

competitive situation in this industry. Canadian commercial flour exports are still dwindling because of the inability to meet the price of heavily subsidized flour from the European Common Market and other countries throughout the world. Present government policy does not include assistance for maintaining flour export markets. It is unfortunate that the Flour Milling Industry, which in the past has contributed so much to Canadian Exports, as a manufactured product, is not on an equal footing with the export of our raw material, wheat. The freeing of the Canadian dollar also had an adverse affect on the Export Market.

Over the past few years the company has been improving its plant facilities in all the Divisions. The major projects are now completed and we are now in a strong position to reap the benefits of these expenditures.

It is with sincere appreciation, the Board of Directors, acknowledge the contribution of management and staff throughout the past year. As usual in more difficult times, heavier demands are placed on the operating personnel and they have all given unstintingly of their time and talent. The Annual Meeting of the Company will be held on April 29, at 10:30 a.m. at Howell Litho & Cartons Limited, Mainway Avenue, Burlington, and we extend a welcome to Shareholders to join us, at which time a tour of the new plant will be arranged for the shareholders and we will report further on the progress of the Company.

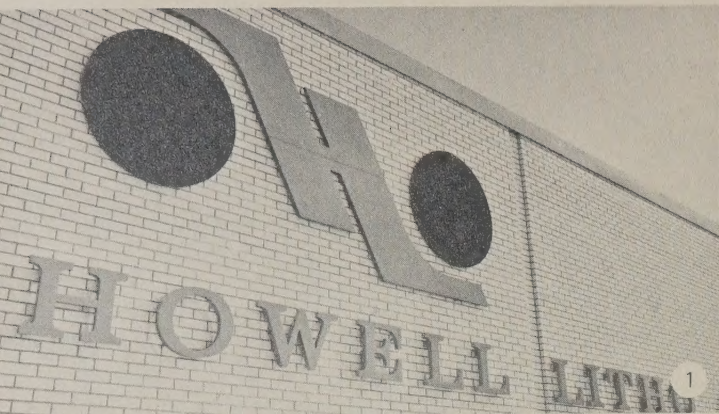
Respectfully submitted  
on behalf of the Board.

*Mona Campbell*

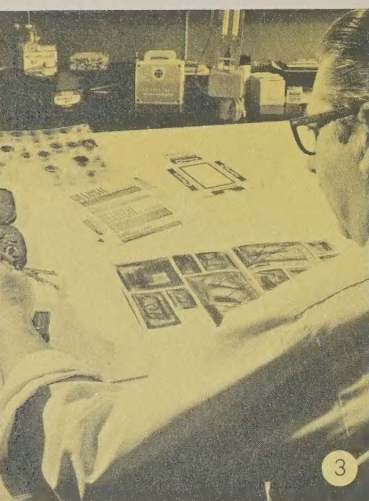
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President  
April 1st, 1971





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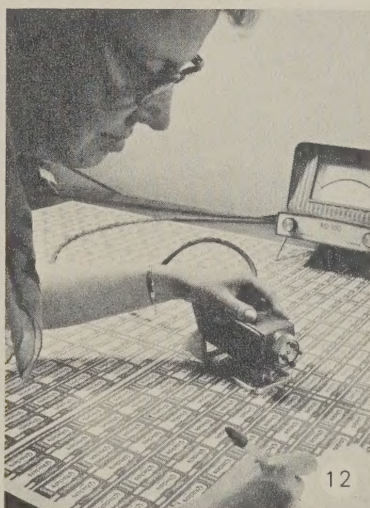
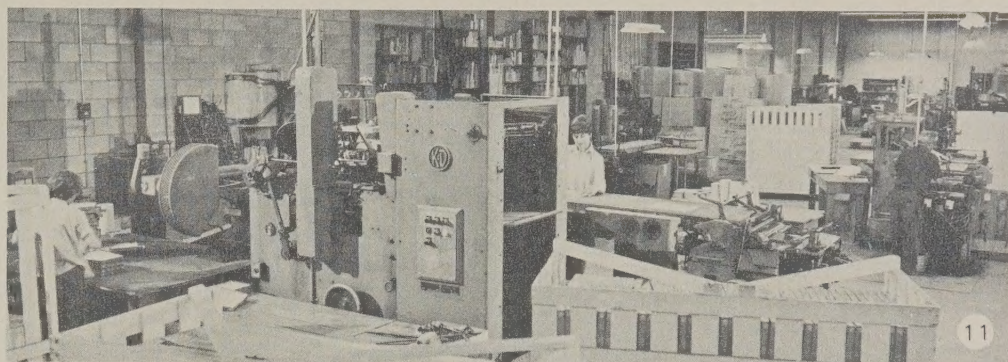
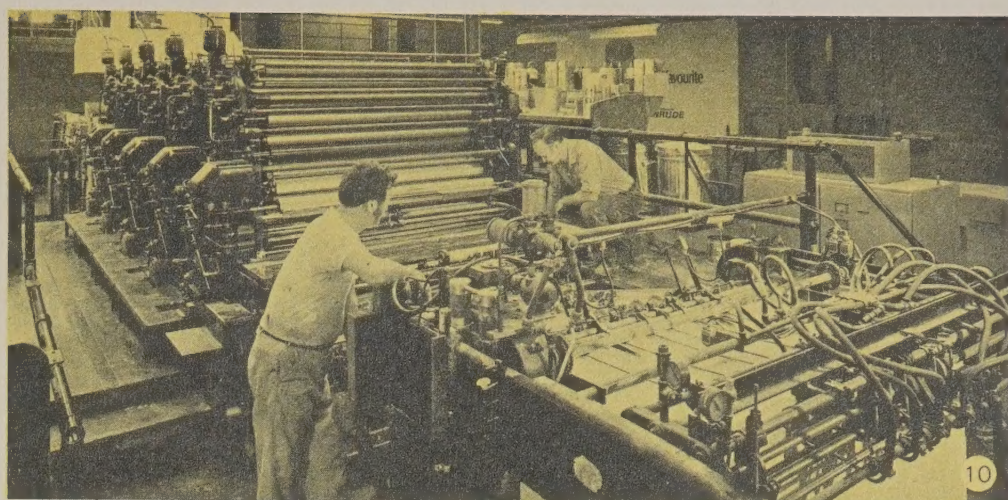
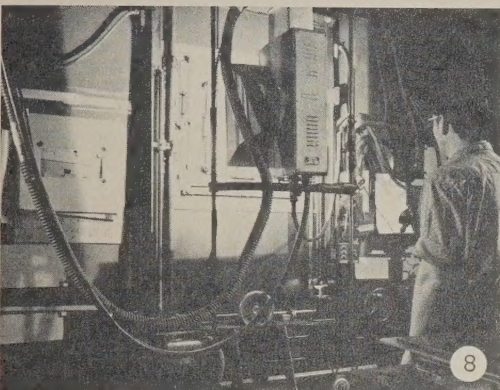
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## HOWELL LITHO AND CARTONS LTD.

An exterior view (1) of the Howell plant located in Burlington where an additional 81,600 sq. ft. of manufacturing and warehousing space was added to the original building.

The general offices (2), which are situated at the front of the building, are spacious, efficiently laid out and completely air conditioned. They are equipped with up-to-date business administration machines.





One of the more valued services offered to a customer is the Design & Development Division. This division was created to aid customers in all areas of packaging and related problems. The face design (3) and the shape and construction (4) of a package originates here, based on research of marketing problems.

A greater part of the floor space in the new extension is devoted to the Litho Pressroom (5) where spaciousness and ease of handling materials is a big feature.

One of the side walls in the Pressroom is being utilized as a poster viewing board (6) for both customer and production approvals.

A large, modern, air conditioned area has been designed for the Preparatory Dept., where Litho Press Plates are made. Artwork is photographed, films assembled and stripped (7) to specification. The Step & Repeat machine (8) is invaluable in the making of press plates. This machine is capable of projecting an image 50-60 times-up with extreme accuracy on one plate.

The final step before printing is Plate Finishing (9), where any imperfections are caught and corrected before going to press.

Howell's largest printing unit is the five colour press (10) which was completely overhauled to new press condition.

Part of this year's operation included moving the Toronto Set-Up Division (11) to Burlington in order that all operations be located under one roof.

During the printing process a careful check is made by the Quality Control Dept., (12) which is responsible for ink density to prevent fluctuation in colour, stock condition and many other checks to ensure that the highest quality is maintained.

The new building is divided in floor area between the Litho Section and a temperature controlled warehouse (13) for storing inventory.



# Dover Industries Limited

(Incorporated under the laws of Canada)

## CONSOLIDATED BALANCE SHEET

December 31, 1970 (with comparative figures at December 31, 1969)

ASSETS	1970	1969
CURRENT:		
Accounts receivable.....	\$ 1,675,512	\$ 1,299,766
Inventories (note 1).....	3,954,296	3,841,903
Prepaid expenses.....	54,135	44,147
Total current assets.....	5,683,943	5,185,816
FIXED (note 2):		
Land, buildings and equipment at cost.....	8,526,348	7,871,408
Less accumulated depreciation.....	4,299,394	4,015,315
	4,226,954	3,856,093
OTHER:		
Mortgage receivable.....	11,500	13,000
Special refundable tax.....		5,159
Goodwill (excess of cost of investment in subsidiaries over equity in net tangible assets at date of acquisition).....	515,588	499,588
	\$10,437,985	\$ 9,559,656

On behalf of the Board:

*Mona Campbell* Director

*John R McPhee* Director



LIABILITIES		1970	1969
CURRENT:			
Bank indebtedness (note 3) .....	\$ 4,175,267	\$ 3,177,484	
Accounts payable and accrued charges .....	489,271	434,912	
Income and other taxes payable .....	35,251	138,688	
Dividends payable .....	15,394	15,394	
Long term debt instalments due within one year .....	130,068	123,908	
Total current liabilities .....	4,845,251	3,890,386	
LONG TERM DEBT (note 4) .....	1,755,978	1,941,546	
DEFERRED INCOME TAXES .....	116,700	4,600	
SHAREHOLDERS' EQUITY:			
Capital stock—			
Authorized:			
105,000 6% cumulative preferred shares of the par value of \$10 each redeemable at par			
200,000 common shares without par value			
Issued:			
102,626 preferred shares .....	1,026,260	1,026,260	
142,820 common shares .....	71,750	71,750	
	1,098,010	1,098,010	
Retained earnings (statement 2) .....	2,622,046	2,625,114	
	3,720,056	3,723,124	
	\$10,437,985	\$ 9,559,656	



**Dover Industries Limited**

## CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1970 *(with comparative figures for 1969)*

## STATEMENT OF INCOME

	1970	1969
Sales.....	<u>\$17,793,254</u>	<u>\$16,378,181</u>
Operating costs and expenses (including depreciation of \$329,508 in 1970 and \$425,113 in 1969) (note 5).....	<u>17,132,447</u>	<u>15,569,787</u>
Income from operations.....	660,807	808,394
Interest:		
Long term debt.....	134,130	140,493
Bank indebtedness.....	166,913	112,758
	<u>301,043</u>	<u>253,251</u>
Income before taxes thereon.....	359,764	555,143
Income taxes.....	187,000	297,800
Net income for year (note 5).....	<u>\$ 172,764</u>	<u>\$ 257,343</u>
Earnings per common share.....	<u>\$ .78</u>	<u>\$1.37</u>

## STATEMENT OF RETAINED EARNINGS

Retained earnings at beginning of year.....	\$ 2,625,114	\$ 2,543,603
Net income for year.....	172,764	257,343
	<u>2,797,878</u>	<u>2,800,946</u>
Dividends declared—		
Preferred—60¢ per share.....	61,576	61,576
Common—80¢ per share.....	114,256	114,256
	<u>175,832</u>	<u>175,832</u>
Retained earnings at end of year.....	<u>\$ 2,622,046</u>	<u>\$ 2,625,114</u>



## Dover Industries Limited

### CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1970 *(with comparative figures for 1969)*

	1970	1969
Source of funds:		
Operations—		
Net income for year.....	\$ 172,764	\$ 257,343
Add (deduct):		
Profit on sale of fixed assets.....		(14,520)
Depreciation.....	329,508	425,113
Deferred income taxes (net).....	112,100	(120,400)
	614,372	547,536
Issue of long term debt by subsidiary.....		117,000
Atlantic Development Board grant to subsidiary.....		64,000
Special refundable tax recovered.....	5,159	14,287
Other.....	1,500	2,040
Total source of funds.....	621,031	744,863
Application of funds:		
Acquisition of minority shareholdings in subsidiary company.....	16,000	
Repayment of 6% notes payable.....	55,000	
New facilities and equipment (net).....	700,369	146,864
Dividends to shareholders.....	175,832	175,832
Provision for repayment of long term debt.....	130,568	127,576
Total application of funds.....	1,077,769	450,272
Increase (decrease) in working capital.....	(456,738)	294,591
Working capital at beginning of year.....	1,295,430	1,000,839
Working capital at end of year.....	\$ 838,692	\$ 1,295,430



NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS  
December 31, 1970

(1) INVENTORIES

The inventories are valued at the lower of cost and net realizable value and consist of the following:

Inventory of grains.....	\$2,559,213	\$2,324,009
Other raw materials.....	334,902	436,292
Work in process.....	108,333	162,175
Finished goods.....	951,848	919,427
	<u>\$3,954,296</u>	<u>\$3,841,903</u>

(2) FIXED ASSETS

	1970		1969	
	Cost	Accumulated depreciation	Net book value	Net book value
Land.....	\$ 238,030		\$ 238,030	\$ 238,030
Buildings	3,154,413	\$ 683,862	2,470,551	1,988,459
Equipment	5,133,905	3,615,532	1,518,373	1,629,604
	<u>\$8,526,348</u>	<u>\$4,299,394</u>	<u>\$4,226,954</u>	<u>\$3,856,093</u>

Depreciation has been provided on the straight-line method at rates based on estimated useful life.

(3) BANK INDEBTEDNESS

The bank indebtedness of the subsidiaries is \$4,086,391 of which \$2,715,285 is secured by a pledge of inventories and an assignment of book debts.

(4) LONG TERM DEBT

Long term debt consists of:

	1970	1969
7% first mortgage repayable in monthly instalments of \$360 including principal and interest, due June 10, 1974.	\$ 22,167	\$ 24,835
5% debentures of a subsidiary company due February 28, 1975 (requiring yearly sinking fund payments of \$36,000).....	180,000	216,000
6% notes of a subsidiary company (repaid during the year).....		55,500
7% first mortgage sinking fund bonds Authorized:		
Series A repayable in equal annual instalments covering principal and interest in each of the years 1971 to 1977 inclusive and maturing on June 1, 1977.....	\$ 612,431	
Series B repayable in equal annual instalments covering principal and interest in each of the years 1971 to 1987 inclusive, and maturing on June 1, 1987....	1,071,448	
	<u>\$1,683,879</u>	
Issued:		
Series A.....	612,431	668,218
Series B.....	1,071,448	1,100,901
	<u>1,683,879</u>	<u>1,769,119</u>
	1,886,046	2,065,454
Less principal repayments due within one year.....	130,068	123,908
	<u>\$1,755,978</u>	<u>\$1,941,546</u>

Sinking fund payment requirements on the 7% first mortgage bonds during the next five years are as follows:

1971—\$91,206; 1972—\$97,591; 1973—\$104,422;  
1974—\$111,732; 1975—\$119,553.

As of November 30, 1970 the property securing the 7% first mortgage sinking fund bonds, together with the bond liability, was transferred from a subsidiary to the parent company. The bonds are further secured by a guarantee of the subsidiary and a floating charge on all of the subsidiary's assets.

(5) DEPRECIATION

On January 1, 1970 the depreciation rate on equipment in the Halifax mill was reduced to reflect current estimates of its useful service life. The effect of this change was to reduce depreciation expense for the year ended December 31, 1970 by \$38,218 and increase the profit for the year by \$19,100.

(6) STATUTORY INFORMATION

Remuneration received in 1970 by directors of Dover Industries Limited as directors, officers or employees of the company and its subsidiaries amounted to \$128,653.



# Dover Industries Limited

## FINANCIAL SUMMARY 1966 TO 1970

### EARNINGS AND DIVIDENDS

	1970	1969	1968	1967	1966
Income before taxes.....	\$ 359,764	\$ 555,143	\$ 536,854	\$ 500,092	\$ 767,203
Income tax provision.....	\$ 187,000	297,800	296,000	234,200	414,000
Net income.....	\$ 172,764	257,343	240,854	265,892	353,203
Net income per preferred share.....	\$ 1.68	2.51	2.35	2.59	3.44
Net income per common share.....	\$ .78	1.37	1.26	1.43	2.04
Dividends per preferred share.....	\$ .60	.60	.60	.60	.60
Dividends per common share.....	\$ .80	.80	.80	.80	.80
Earnings retained in business.....	\$ (3,068)	81,511	65,022	90,060	177,371

### FINANCIAL STATUS

	1970	1969	1968	1967	1966
Current assets.....	\$5,683,943	\$5,185,816	\$5,572,620	\$5,109,392	\$2,881,533
Current liabilities.....	\$4,845,251	3,890,386	4,571,781	4,340,691	2,063,370
Working capital.....	\$ 838,692	1,295,430	1,000,839	768,701	818,163
Current ratio.....	1.2 to 1	1.3 to 1	1.2 to 1	1.2 to 1	1.4 to 1
Plant and equipment (net).....	\$4,226,954	3,856,093	4,198,862	3,955,360	2,698,380
Stockholders' investment (capital and surplus).....	\$3,720,056	3,723,124	3,641,613	3,576,591	3,486,531
Common stock equity per share.....	\$ 18.86	18.88	18.31	17.86	17.23
Shares of preferred stock outstanding.....	102,626	102,626	102,626	102,626	102,626
Shares of common stock outstanding.....	142,820	142,820	142,820	142,820	142,820

### AUDITORS' REPORT *To the Shareholders of Dover Industries Limited:*

We have examined the consolidated balance sheet of Dover Industries Limited and its subsidiaries as at December 31, 1970 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In our opinion these financial statements present fairly the financial position of the companies as at December 31, 1970 and the results

of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, Canada,  
February 26, 1971.

**CLARKSON, GORDON & CO.**  
*Chartered Accountants.*



# Dover Industries Limited

Executive Offices: 145 MacNab St. North, Hamilton, Ontario

## CONES & STRAWS

ROBINSON CONE

### Sales Offices and Warehouses:

Hamilton, Ontario • Montreal, Quebec

### Warehouses and Sales Agents:

St. John's, Newfoundland

Halifax, Nova Scotia

Saint John, New Brunswick

Quebec City, Quebec

North Bay, Ontario

Fort William, Ontario

Winnipeg, Manitoba

Regina, Saskatchewan

Saskatoon, Saskatchewan

Calgary, Alberta

Edmonton, Alberta

Vancouver, British Columbia

Victoria, British Columbia

## FLOUR & GRAIN

• CHERRY TAYLOR FLOUR MILLS • TAYLOR GRAIN • DOVER MILLS

### Direct Sales:

Coast to Coast—Canada

### Sales Agents:

England

Scotland

Portugal

Bermuda

Bahamas

Jamaica

Antigua

Barbados

Grenada

St. Lucia

Montserrat

St. Vincent

Dominica

Guyana

St. Kitts

Trinidad

Netherland Antilles

## PAPER BOXES, LABELS & POSTERS

HOWELL LITHO & CARTONS

### Sales Offices:

Burlington, Ontario • Montreal, Quebec

### Sales Agents

St. John's, Newfoundland

Halifax, Nova Scotia

Saint John, New Brunswick

Quebec City, Quebec

Vancouver, British Columbia

Jobber distribution coast to coast.







